

**ASSOCIATION FOR RETARDED CITIZENS--
IBERVILLE, INC.
PLAQUEMINE, LOUISIANA
ANNUAL FINANCIAL REPORT**

JUNE 30, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAR 27 2013**

ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Association for Retarded Citizens--Iberville, Inc

We have audited the accompanying statement of financial position of the Association for Retarded Citizens--Iberville, Inc (a non-profit organization) as of June 30, 2012, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association for Retarded Citizens--Iberville, Inc as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012, on our consideration of the Association for Retarded Citizens--Iberville, Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITORS' REPORT, Continued

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baxley & Associates, LLC

Plaquemine, Louisiana
December 18, 2012

FINANCIAL STATEMENTS

ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

ASSETS

Current Assets

Cash	\$ 499,123
Investments	121,959
Due from other agencies	132,891
Prepaid insurance	8,603
Prepaid expense	15,461
Other assets	<u>606</u>

Total Current Assets	<u>778,643</u>
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Property and Equipment

Vehicles	102,398
Workshop tools	9,119
Furniture and fixtures	71,930
Buildings	<u>10,609</u>
	194,056
Less accumulated depreciation	<u>(172,643)</u>

Total Property and Equipment	<u>21,413</u>
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Other Assets

Utility deposit	<u>2,325</u>
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TOTAL ASSETS	<u>\$ 802,381</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 4,987
Salaries payable	23,176
Payroll taxes withheld and accrued	<u>14,620</u>

Total Current Liabilities	42,783
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Long-term Liabilities

Line of Credit - Plaquemine Bank and Trust Co	<u>50,000</u>
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Total Liabilities	<u>92,783</u>
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Net Assets

Unrestricted	<u>709,598</u>
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Total Net Assets	<u>709,598</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 802,381</u>
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The accompanying notes are an integral part of this statement

ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Total</u>	<u>Adult Day Care</u>	<u>Job Placement</u>	<u>Supervised Living/ PCA & Respite</u>
REVENUES AND OTHER SUPPORT, UNRESTRICTED				
Public Support				
Iberville Parish Council	\$ 30,000	\$ 30,000	\$ -	\$ -
Office of Community Services, Div of Rehabilitation Services	35,754	-	35,754	-
Capital Area United Way Allocation	35,063	35,063	-	-
Structured Work Program	19,501	19,501	-	-
Contributions	772	772	-	-
Medicaid	1,444,159	419,507	-	1,024,652
Other Revenues:				
Interest	3,454	3,454	-	-
Vending Machines	3,771	3,771	-	-
In-Kind	31,350	31,350	-	-
Membership Dues	825	825	-	-
Miscellaneous	1,020	1,020	-	-
TOTAL REVENUES AND OTHER SUPPORT, UNRESTRICTED	<u>1,605,669</u>	<u>545,263</u>	<u>35,754</u>	<u>1,024,652</u>

EXPENSES

Salaries	1,293,243	522,805	37,587	732,851
Payroll Taxes	104,905	42,062	2,939	59,904
Repairs and Maintenance	12,681	10,730	-	1,951
Professional fees	7,958	7,958	-	-
Gifts/Donations	475	475	-	-
Supplies	23,049	21,893	-	1,156
Telephone	7,114	2,205	833	4,076
Postage	1,135	1,129	-	6
Advertising	4,459	3,687	-	772

(Continued)

The accompanying notes are an integral part of this statement

ASSOCIATION FOR RETARDED CITIZENS—IBERVILLE, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Total</u>	<u>Adult Day Care</u>	<u>Job Placement</u>	<u>Supervised Living/ PCA & Respite</u>
EXPENSES				
Travel	32,024	23,339	6,388	2,297
Dues	787	787	-	-
Miscellaneous	3,855	2,004	40	1,811
Depreciation	9,608	9,608	-	-
Utilities	20,651	16,870	-	3,781
Convention Meetings	496	206	-	290
Licenses	8,605	7,985	-	620
Insurance	154,407	75,057	2,277	77,073
Security	5,197	4,232	-	965
Training and Workshops	3,306	672	1,059	1,575
Client Assistance	566	536	-	30
In-Kind	31,350	31,350	-	-
Rent	12,000	12,000	-	-
Bad Debts	5,874	5,874	-	-
TOTAL EXPENSES	<u>1,743,745</u>	<u>803,464</u>	<u>51,123</u>	<u>889,158</u>
CHANGE IN NET ASSETS	(138,076)	(258,201)	(15,369)	135,494
NET ASSETS, BEGINNING	<u>847,674</u>	<u>(2,928,945)</u>	<u>27,979</u>	<u>3,748,640</u>
NET ASSETS, ENDING	<u>\$ 709,598</u>	<u>\$ (3,187,146)</u>	<u>\$ 12,610</u>	<u>\$ 3,884,134</u>

(Concluded)

The accompanying notes are an integral part of this statement

ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in net assets	\$ (138,076)
Adjustments to reconcile net assets to net cash provided by operating activities	
Depreciation	9,608
Decrease in accounts receivable	183,098
(Increase) in prepaid insurance	(8,603)
(Increase) in prepaid expense	(8,939)
Decrease in other assets	2,768
(Decrease) in accounts payable	(970)
Increase in salaries payable	23,176
Increase in payroll taxes withheld and accrued	<u>9,039</u>

**NET CASH PROVIDED (USED)
BY OPERATING ACTIVITIES**

71,101

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	<u>(1,741)</u>
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NET CASH USED IN INVESTING ACTIVITIES

(1,741)

CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from line of credit	<u>50,000</u>
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NET CASH (USED) BY FINANCING ACTIVITIES

50,000

**NET INCREASE (DECREASE) IN
CASH AND CASH EQUIVALENTS**

119,360

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

379,763

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 499,123

Supplemental Data

Interest paid	<u><u>\$ -</u></u>
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The accompanying notes are integral part of this statement

**ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Association for Retarded Citizens – Iberville, Inc (the Association) is a Louisiana nonprofit organization that was formed to provide service needs persons with intellectual and developmental disabilities and handicapped persons of Iberville Parish

Nature of Services

The Association offers the following service programs

- Adult Day Care is a day program for citizens of Iberville Parish who are developmentally disabled. The service provides opportunities for people (age 22 and over) with intellectual and developmental disabilities to become more independent, integral, and productive members of society. Services include work adjustment training, community life enrichment, and paid work experience.
- Job Placement services are provided by the Association to develop and create employment opportunities for individuals (age 16 or older) with disabilities through partnership with Louisiana Rehabilitation Services. Provides vocational assessments, job readiness skills, job placement, and training service and follow-up services.
- Supervised Living/Personal Care Assistance (PCA) and Respite services provide relief for the primary care providers of children and adults with developmental disabilities, from the everyday care, whether it's physical assistance, or accompanying on outings. The support may occur in the individual's home, in the community, or in the Respite Center. It may occur regularly or the family may only request assistance in an emergency situation. The primary objective of Respite is to help prevent or delay institutionalization of individuals with developmental disabilities.

Reporting Entity

The Association is not a component unit of another primary government nor does it have any component units which are related to it. Therefore, the Association has presented its financial statements as a separate special-purpose entity.

Basis of Accounting

The financial statements are prepared on the accrual basis wherein revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values are stated at their fair value in the statements of financial position. Unrealized gains or losses are included in the changes in net assets.

Accounts Receivable and Bad Debt

Management analyzes accounts receivable to determine those that are uncollectible. At June 30, 2012, management considers all accounts receivable collectible.

Property and Equipment and Depreciation

Property and equipment is stated at cost, unless donated. Donated property and equipment is stated at fair market value as of the date of the gift. The Association's policy has set the capitalization threshold for reporting property and equipment at \$1,000. Depreciation is charged to operations using the straight-line method over the estimated useful lives as follows:

Buildings	30-40 years
Vehicles	5 years
Furniture and fixtures	5-10 years
Workshop tools	5-10 years

Revenues

The majority of the Association's revenue is derived from third-party reimbursement arrangements. These revenues and the allowability of the related expenditures are subject to audits by the granting agencies.

Expenses

Expenses are charged directly to programs in categories based on specific identification. Indirect expenses have been allocated based on total expenses for each program.

Income Taxes

The Association is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation. Therefore, the Association has not recorded a provision for income taxes in the accompanying financial statements and the Association does not have any uncertain tax positions. The Association files a federal tax return under the Internal Revenue Service.

**ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No 117, "Financial Statements of Not-For-Profit Organizations " Under SFAS No 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets In addition, the Organization is required to present a statement of cash flows As permitted by the Statement, the Organization has discontinued its use of fund accounting

Contributions

The Organization has also adopted SFAS No 116, "Accounting for Contributions Received and Contributions Made " Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

NOTE B – DUE FROM OTHER AGENCIES

Due from other agencies at June 30, 2012 consisted of the following

Medicaid	\$ 130,222
Iberville Parish Council	2,500
Other Receivables	<u>169</u>
TOTAL DUE FROM OTHER AGENCIES	<u><u>\$ 132,891</u></u>

**ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment is scheduled as follows

	BALANCE 6/30/2011	ADDITIONS	DELETIONS	BALANCE 6/30/2012
Vehicles	\$ 102,398	\$ -		\$ 102,398
Workshop tools	9,119	-	-	9,119
Furniture and fixtures	71,930	-		71,930
Buildings	10,609	-	-	10,609
	194,056	-	-	194,056
Accumulated depreciation	(163,035)	\$ (9,608)		(172,643)
Total Property and Equipment	\$ 31,021			\$ 21,413

Depreciation expense was \$9,608 for the year ended June 30, 2012

NOTE D – FAIR VALUES OF FINANCIAL INSTRUMENTS

In accordance with the Fair Value Measurements and Disclosure topic of FASB ASC, disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial position is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not represent the underlying value of the Association.

The recent fair value guidance provides a consistent definition of fair value, which focuses on exit price in orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

**ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE D – FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

In accordance with this guidance, the Association groups its financial assets and financial liabilities generally measured at fair value at three levels, based on the markets in which the asset and liabilities are traded and the reliability of the assumptions used to determine fair value

- Level 1 – Valuations is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities
- Level 2 – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly The valuation may be based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability
- Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities Level 3 assets and liabilities included financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments

Securities

Securities are classified within Level 1 where quoted market prices are available in an active market Inputs include securities that have quoted prices in active markets for identical assets If quoted market prices are unavailable, fair value is estimated using pricing models or quoted prices of securities with similar characteristics, at which point the securities would be classified within the Level 2 of the hierarchy

The following table presents each fair value hierarchy level of the Association's financial assets and liabilities that are measured at fair value on a recurring basis

	Level 1	
	Cost	Fair Value
June 30, 2012		
Investments - Certificate of Deposit	\$ 121,959	\$ 121,959

**ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE E – OPERATING LEASES

The Association leases the facility that is used for Unique Treasures thrift store. Rental expenses under the lease for the year ended June 30, 2012 was \$12,000. Future minimum lease commitments as of June 30, 2012 are payable as follows:

<u>Years</u>	<u>Amount</u>
2013	<u>6,825</u>
Total	<u>\$ 6,825</u>

NOTE F – LINE OF CREDIT

In October 2011, the Association obtained a \$50,000 unsecured line of credit from Plaquemine Bank and Trust Company as required by the Louisiana Department of Health and Hospitals. Interest is payable monthly on any outstanding balances at an interest rate of 2.5% with a maturity date of October 20, 2014. The balance of the line of credit at June 30, 2012 was \$50,000.

NOTE G – FIDUCIARY FUNDS

The Association acts as a fiduciary agent for one of its clients. A savings account for a Special Needs Trust is maintained. Deposits include the client's social security benefits, their payroll checks, if employed, and amounts from a lawsuit. Disbursements consist of day-to-day living expenses and are based on the individual's client's needs. The balance in this savings account at June 30, 2012 was \$95,562. These funds are not included in the statement of financial position of the Association.

NOTE H – CONCENTRATION OF CREDIT RISK

The Association sometimes maintains cash and time deposit balances in excess of Federal Deposit Insurance Corporation (FDIC) coverage at its bank. FDIC coverage is \$250,000 per depositor per bank. At June 30, 2012, the Association's uninsured balance totaled \$447,280.

The Association also received a considerable amount of its total support and revenues from Medicaid for services provided to clients. During the year ended June 30, 2012, the Association received \$1,444,157 from Medicaid, which was 89.8% of total revenues.

NOTE I – ACCOUNTING FOR UNCERTAIN TAX POSITIONS

On January 1, 2009, the Association adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. The implementation of this Topic had no impact on the statement of financial position or statement of activities.

**ASSOCIATION FOR RETARDED CITIZENS--IBERVILLE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE I – ACCOUNTING FOR UNCERTAIN TAX POSITIONS (CONTINUED)

All tax returns have been appropriately filed by the Association. The Association recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Association's tax filings are subject to audit by various taxing authorities. The Association's open audit periods are 2010 through 2012. Management evaluated the Association's tax position and concluded that the Association has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2012, the date that the financial statements were available to be issued and determined that there were no events that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

**ASSOCIATION FOR RETARDED CITIZENS-IBERVILLE, INC.
INSURANCE IN FORCE
JUNE 30, 2012
(Unaudited)**

Insurer	Type of Coverage	Amount	Inception Date	Term in Months
Granite State Insurance Co	Umbrella Comprehensive General Liability, Professional Liability, and Comprehensive Auto and Liability	BI & PD Combined \$1,000,000 per occurrence	July 1, 2011	12
Granite State Insurance Co Kay Harrison Western Surety Co	Janitorial bond		February 28, 2012	12
Louisiana Habilitation Providers, Inc	Workers' Compensation	Statutory	July 1, 2011	12
Chartis Specialty Insurance Company	NARC Director/Officers' Liability	\$1,000,000	July 1, 2011	12

OTHER REPORTS

BAXLEY AND ASSOCIATES, LLC

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Association for Retarded Citizens--Iberville, Inc

We have audited the financial statements of the Association for Retarded Citizens--Iberville, Inc (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon December 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Association for Retarded Citizens--Iberville, Inc is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Association for Retarded Citizens--Iberville, Inc's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association for Retarded Citizens--Iberville, Inc's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting [2012-1]. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association for Retarded Citizens—Iberville, Inc's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Association for Retarded Citizen—Iberville, Inc's response to the findings identified in our audit described in the accompanying schedule of findings and questioned costs. We did not audit the Association's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the Legislative Auditors, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Baxley & Associates, LLC

Plaquemine, Louisiana
December 18, 2012

**ASSOCIATION FOR RETARDED CITIZENS—IBERVILLE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued *unqualified*

Internal control over financial reporting

- | | | |
|--|------------|-----------|
| ▪ Material weaknesses identified? | _____yes | ___X___no |
| ▪ Significant deficiencies identified that are not considered to be material weaknesses? | ___X___yes | _____no |
| ▪ Noncompliance material to financial statements noted? | _____yes | ___X___no |

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2012-1 LINE OF CREDIT

Condition

In reviewing the minutes of August 2011, we noted a line of credit that was not recorded in the general ledger

Criteria

The line of credit should be recorded as a payable because it is a liability of the Association for Retarded Citizens – Iberville, Inc with a maturity date of October 2014

Effect

Balance sheet assets and liabilities are understated

Recommendation

Management should review year-end financial statements and supporting documents for accuracy and completeness

Management's Response

Management concurs and an adjustment has been made to the year-end statements

**ASSOCIATION FOR RETARDED CITIZENS—IBERVILLE, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

2011-1 SEGREGATION OF DUTIES

Condition

The Association for Retarded Citizen—Iberville, Inc does not have an adequate segregation of duties at its office. While we recognize that the Association may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation

Keeping in mind the number of employees to which duties can be assigned, the Association should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status

This finding was corrected in the current year.